

DEPARTMENT OF REAL ESTATE

PO Box 187000

Sacramento, CA 95818-7000

916 227-0770



June 17, 2009

Sandra G. Scott, Atty
255 California Street 10th Floor
San Francisco, CA 94111

Re: Advance Fee Agreement

This letter will acknowledge our receipt of the advance fee agreement and accounting format submitted on behalf of American River Real Estate Inc on June 1, 2009.

The Department has no objection to the broker's use of the advance fee agreement and accounting format as submitted.

This agreement replaces any other agreement previously submitted for the Department's review. Additionally, it is not to be used by other than the submitting broker or real estate corporation.

Please note that any changes to the agreement or the accounting format must be submitted to the Department for review before it is used. Any promotional materials that the broker may subsequently wish to use will require our prior review, as well. This includes press releases and announcements related to the broker's advance fee activities.

This letter does not constitute, nor may the broker make any representation that the Department of Real Estate has endorsed or approved any aspect of the broker's business activities.

Sincerely,

Sylvia I. Yrigollen
Senior Deputy Commissioner
Advance Fee Review Section

C: American River Real Estate Inc
Scott W. Woods, Designated Officer
9580 Oak Ave Pkwy Suite 14A
Folsom, CA 95630

Loan Redux
A DBA of American River Real Estate, Inc.

RECEIVED
Dept. of Real Estate

JUN 01 2009

Advance Fee Agreement for Loan Modification Services

MLB ADVERTISING

This Advance Fee Agreement for Loan Modification Services (this "agreement") is made and entered into this ____ day of _____, 20 ____, by and between the American River Real Estate, Inc. DBA Loan Redux and _____
(Principal) for the Loan Modification Services as described herein.

A. Preliminary Matters

1. IMPORTANT NOTICES TO THE PRINCIPAL:

a. The amount or rate of fees specified in this agreement for services is not fixed by California law. Fees are set or established by each broker individually and are subject to negotiation between the principal and the broker.

b. The principal is compensating the broker for services the principal may be able to obtain at no charge from a housing counselor or by contacting the Lender(s) directly.

c. California Civil Code Section 2945.1(b)(3) prohibits a Broker from claiming, demanding, charging, collecting or receiving any compensation from a person whose home is in foreclosure until all of the promised services have been fully performed and completed. THIS AGREEMENT MAY NOT BE USED AND SHOULD NOT BE EXECUTED BY THE PRINCIPAL IF A NOTICE OF DEFAULT HAS BEEN RECORDED AGAINST THE SUBJECT PROPERTY LISTED BELOW.

THE PRINCIPAL CERTIFIES BY INITIALING BELOW THAT A NOTICE OF DEFAULT HAS NOT BEEN RECORDED AGAINST THE SUBJECT PROPERTY.

_____ Initials of Principle(s)

Information Regarding the Loan(s) and Related Property (Subject Property) for Which the Loan Modification Services Will Be Provided:

1st Lender Name _____ Account # _____

Principal Amount \$ _____ Product Type _____

2nd Lender Name _____ Account # _____

Principal Amount \$ _____ Product Type _____

Address of Property _____

City _____ State _____ Zip Code _____

B. Agreement - Please select the service(s) you would like Loan Redux to perform:

() **Loan Modification:** **\$3000.00**
Modify the terms of my loan(s).

In consideration of the mutual promises and agreements exchanged, the Broker and Principal agree as follows.

1. Amount and Payment of Advance Fee. The Principal agrees to pay an advance fee of

\$750.00 to the broker on the date this agreement is signed by the Principal, or within 7 days of the execution of this agreement by all parties.

2. Deposit of Advance Fee and Accounting of Funds. The broker will deposit the advance fee into Broker Trust Account # 153458136964, located at US Bank, 521 E. Bidwell St., Folsom CA 95630. If there are any unearned funds that are held in trust, the broker will provide a verified accounting of these funds to the Principal at the end of each calendar quarter following the execution of this agreement by the principal, and at the completion or termination of this agreement (whichever occurs first).

3. Scope and Completion of, and Payment for, Loan Modification Services. The broker shall perform the following loan modification services (without limitation) for and on behalf of the principal. It is understood by the parties that the list below is not exhaustive, and that not all of the services listed below may be relevant to the Principal's loan(s) on the subject property.

Phase I:

a. Interview the Principal, gather and review information about the current loan(s) and terms to include:

1. Mortgage loan(s) principal balance, monthly payment amount, mortgage statements, loan documents, current interest rate, expected rate and/or payment adjustments, equity, loan(s) payment history and correspondence from the lender(s).\
2. Information about the principal's income and asset, including:
Paystubs, W2s, 1099s, benefit award letters, retirement and pension benefit statements, child support/alimony, tax returns, profit and loss statements, proof of any other income.
3. Information about the subject property, including:
Property profile, comparable sales, active listings, current property listing information and other applicable documents.

4. Information about the Principal's ability to repay the loan(s), including:

Credit history, hardship circumstances, financial profile (assessment of income, assets, expenses and housing debt to income ratio).

- A. Loan Redux has obtained Principal authorization and completed modification application.
- B. Loan Redux has documented all income and asset information of Principal.
- C. Loan Redux has completed a balance sheet and household budget of Principal.

- b. Assist the Principal in preparing a hardship summary/letter.
- c. Prepare and submit loan modification request and package of supporting documents to lender(s).

Completion of Phase I Services. The Broker will complete these Phase I services within 7 days and in no case later than 30 calendar days from the date this agreement is made, as first above written.

Payment for Phase I Services. The Broker shall be entitled to 25% of the total fee (which entitlement percentage for Phase I Services equals \$750.00 for the performance of the applicable and relevant services described in phase I (and others may be necessary an/or appropriate).

Phase II:

Phase II services are focused on the Broker's efforts to vigorously and successfully seek through the Lender(s) an offer to the principals (which offer shall be assessed by the Broker and clearly explained to the principals) of proactive loan modification solutions which will provide the Principals with the opportunity to remain in the Subject Property while making affordable loan payments.

- a. Contact the Lender(s) to discuss/negotiate the loan modification request(s) and package of supporting documents.
- b. Communicate regularly with the Lender(s) to attempt to negotiate new, and more favorable, loan terms on behalf of Principal.
- c. Assist the Principal in understanding and deciding about the modification terms offered by the lender(s).
- d. Successfully negotiate and/or accomplish a loan modification for the principal. "Successful loan modification performance" by the Broker shall have occurred if the Principal accepts one or more of the loan modifications set forth below.

Change adjustable interest rate to a fixed rate.

Reduce fixed interest rate to a lower fixed interest rate.

Reduce balance of the principal amount of the loan.

Reduce adjustable interest rate/reduce CAPS of adjustable interest rates.

Stop upward adjustment of adjustable interest rate.

Arrange for the delinquent payment amounts to be added to the end of the loan.

Arrange for the delinquent payment amounts to be added to a longer loan period.

Arrange for the delinquent payment amounts to be accepted in an alternative payment plan.

Eliminate or reduce the delinquent payment amounts.

Arrange for the lender to accept a discounted pay-off or forbearance.

Reschedule auction, negotiate terms for loan reinstatement.

Completion of Phase II Services. The Broker will complete these services no later than 90 calendar days from the date this agreement is made, as first above written.

Payment for Phase II Services. The Broker shall be entitled to 75% of the total fee (the remainder of the total fee not earned and paid for Phase I services) which entitlement percentage for Phase II services equals \$2250.00 only for the "successful loan modification performance" of these Phase II Services as described in Phase II (section d above).

4. Refund of Advance Fee Until Earned. The advance fee paid by the Principal is fully refundable if the broker fails to submit the file. If any of the agreed upon services are not completed by the

broker by the agreed upon completion date(s), the unearned portion of the advance fee will be refunded to the Principal within 5 business days.

5. Responsibilities and Obligations of the Principal. The Principal agrees to furnish the Broker with truthful and accurate information and any documents that will be required by the Broker and the Lender(s) to assess the Principal's financial status, including (without limitation) the following:

- Mortgage Statements-past three months
- Paystubs-past two pay periods
- W2 forms, 1099 forms, and/or Tax Returns-past two years
- Profit and Loss Statements-past two years (if self employed)
- Bank Statements-past 2 months
- Verification of any other income, Benefit Award Letters, Retirement Statements, Pension Benefit Statements, Annuity Statements, Child Support/Alimony
- Schedule of Real Estate owned, Stock and Mutual Fund Portfolio Statements
- Authorization for the Broker to obtain Principal information from Lender

The Principal also agrees to provide additional information or documentation within 5 days of the Broker's request.

The Principal further agrees to immediately notify the Broker of any change in the Principal's address.

6. Reasonable Efforts/No Guarantees. The Broker will make reasonable efforts to conclude a "successful loan modification" as described in Phase II above. However, the Principal acknowledges that the broker cannot guarantee that the Principal's existing lender(s) is not obligated to modify the terms of the loan(s) in any way and may not agree to any changes in the loan(s).

7. Governing Law.

8. Amendments. Except as set forth herein, this agreement may not be amended or modified orally and no provision of this Agreement may be waived or amended except in a writing signing by the Principal and the Broker.

9. Severability. If any provision in this agreement is determined to be invalid, illegal or otherwise unenforceable, the determination will not affect any other provision of this agreement. The invalid

Provision will be severed from this agreement and all remaining provisions will continue to be in full force and effect.

10. Termination of Agreement. Either the Principal or the Broker may terminate this agreement for any reason upon written notice to the other party. At the time of termination, all earned but unpaid fees for completed services (as set forth and described in provision number 3 of this agreement) become due and payable.

11. Indemnification. The Principal agrees to indemnify, defend and hold the Broker harmless from all damages, liabilities, claims, obligations, disputes, litigation and/or judgments (and reasonable attorneys fees and costs) which (i) arise from or are related to any incorrect material information and/or material omissions in information supplied by Principal to the Broker and/or (ii) arise from or are related to any material fact that the Principal knows but fails to disclose.

12. Dispute Resolution. The parties to this agreement will endeavor to resolve any disputes or disagreements between them with respect to or concerning this agreement in a fair and amicable manner. However, if the parties are unable to resolve any such disputes between and/or among themselves (whether in law or equity) the parties expressly agree to binding, neutral arbitration in

accordance with the California Code of Civil Procedure with any recognized California arbitration service. Said binding arbitration shall be the exclusive dispute resolution mechanism for seeking legal redress under this agreement. The arbitration hearing shall be conducted pursuant to the California rules of evidence and shall occur in the county where the Subject Property is located. The parties agree to share equally the costs of any such arbitration. Reasonable attorney's fees and costs shall be awarded to the prevailing party.

13. Time of Essence. Time is of the Essence with respect to every provision of this agreement that specifies a time of performance.

14. Entire Agreement. Except as otherwise provided by section 2970 (b)(4) of Title 10 of the Code of Regulations, Chapter 6 (Real Estate Commissioner's Regulations), this agreement constitutes the entire agreement and a complete and exclusive expression of the parties' agreement respecting the loan modification services contemplated. Except as conditioned above, this agreement may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

15. Successors and Assigns. This agreement shall be binding upon the successors and assigns of the parties.

16. Acknowledgements and Representations. The parties signing below acknowledge they have read and understood this agreement and have each received a copy. The Principals warrant they have the authority to enter into this agreement with regard to the Subject Property and loan(s) herein described.

_____ Name of Principal	_____ Signature	_____ Date
_____ Name of Principal	_____ Signature	_____ Date
<u>Scott Woods - License # 01761841</u> Broker Name/Designated Officer Name	_____ Signature	_____ Date

Corporation License # 01770059

VERIFIED ACCOUNTING FOR ADVANCE FEES

Broker (Corporation) Name: American River Real Estate, Inc. DBA Loan Redux

Broker Address: 9580 Oak Ave., Parkway, Suite 14A, Folsom, CA 95630

Broker Trust Account #: 153458136964

Depository: US Bank

Principal Name:

Principal Address:

Lender Name:

Loan Account Number:

2nd Lender Name:

2nd Loan Account Number:

Advance Fee Accounting				
Advance Fee Amount Received	From (Principal)	Date Received	Date Deposited in trust account	Balance

Services Performed by broker	Date Performed	Amount of fee allocated	Date Disbursed	Balance
All phase I services including: Loan modification package submitted to lender at (address): Loan modification package submitted to 2 nd lender at (address):				
All phase II services including successful loan modification				

I hereby represent and attest that this is a true and accurate accounting.

Signed

Date

Broker Name

License ID Number